

Evaluation on compensation packages of employees in the tourism sector

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ABSTRACT

The retention of the employees depends on the quality of the employees' compensation. However, there are factors affecting the retention of the employees such as the culture of the company and especially the labor relation between the employees and the employers and the compensation package as well. The motivation of employee can be determined by their performance through giving recognition and any other form like benefits and incentives or insurances. The method we used in this study is quantitative, because it involves the collection of numerical data in order to explain, predict and control the current event, condition or situation. This study was conducted within the tourism sector in Cebu City. The study being conducted reveals that employees were just contented of their compensation package though it's just limited according to their existence. Such as the culture of the company and especially the labor relation between the employees and employers as well. The motive in the tourism sector has cheaper and less benefits. This study aims to further explain the compensation packages offered in the tourism sector and some issues related to compensation packages. We, the researchers would like to provide, through this study about the information of the compensation packages that would lead to realization of their own stand in terms about compensation packages in tourism sector. This study is very important and can help to the tourism graduates. This would help them analyze the benefit package when entering into the world of tourism sector.

Keywords: *tourism sector, benefits, compensation, employees, workforce, packages, tourism industry, motivation, compensation strategy*

I. INTRODUCTION

Philippine is an archipelago which comprises beautiful and bountiful sceneries and that is why many tourists were being attracted to explore the beauty of our country. The very famous "It's more fun in the Philippines" is definitely true being witnessed by foreigners

and local individuals. Attracting tourists is basically the same as attracting businessmen to invest into a company. It is very important to have competent and talented employees in the industry. Finding a job is never been easy but it is all about determination and perseverance of an individual to get the job. Employees work for

a stable job and a good salary at the same time. In the tourism sector or any other industry, a better compensation benefits are utilized to fascinate and retain competent employees and also to raise company's worth. Since tourism has become widely existing in the country, we, the researchers we are given enough motivation to find out and evaluate the compensation packages of employees in the tourism sector.

As stated by Heathfield (n.d.), compensation is the amount of either monetary or non-monetary payment from an employer to his employees as a reward for a job well done or for a work done as required by the management. Every individual who works for the company is definitely working for money and a good compensation. In order to make employees stay for a long period of time, an employer must offer an attractive benefit package so that employees can certainly be assured that his service to the company is being paid right. An employer must know the necessary benefits given to employees and must be able to communicate with their employees to hear their voices. In line with this, it is good to both parties to have a connection for the benefit of the industry. Otherwise, employers may be unable to control the situation of the company when things get worst.

According to Johnson (n.d.), that a good compensation package must be offered in the organization to motivate employees for an increased productivity and good behavior as well. No employee will probably be staying longer in a company wherein they would benefit less. On the other hand, it is not just all about monetary packages and other rewards but also the respect from the people in the organization. However, when the management offers less than what the employee is expecting, employees would be discouraged and be turned down. It is very important that employees feel that they are being valued.

Scowsill (2013), says that one of the largest and the rapidly growing industry is the travel and tourism industry. Indeed, tourism industry

is widely known than those notable industries. Tourism greatly helps for the economic growth of a certain country especially third world countries like the Philippines. Tourism is a major contributor of the Philippine economy. Creaco and Querini (2003) also said that tourism is addressed as an instrument for a development because it vitalizes new economic development. In many countries, tourism plays a big role to their economy. The status of the performance of tourism industry should be equally high as to how tourism professionals be treated, be given benefits and the like.

Tourism employees and tourism professionals are called the workforce of the tourism industry. According to Gupta (2013), that workforce is like an intellectual property in terms of skills and money. In other companies, employees are treated as costs because the company pays them that constituted with salaries and wages not to mention the benefit packages. Workforce is not a cost but rather an asset. Employees are assets to the company. They are the one who give service and do the production process and all. Without the workforce there is no output.

However, Johnson (n.d.) said that there are perceptions that there is a high turnover but unfortunately a cheaper salary and poor benefits in the tourism sector. In line with this, employers must think of a compensation package for the benefit of the employees. A member of the organization wants to feel that they are being paid fairly for the job they performed (Gupta, 2013). As an employer, determining what benefits to give to the employees is very necessary. Moreover, benefits help you inform the employees that you value them.

As stated by Pratt (2011), adoption to management standards for labor performance strengthened internal management to protect workers. This factor is very important to the industry because the needed standards are being coped up and embraced by the company. There are no bias decisions and everything's

comes with quality including the labor force. It is definitely good to have standards in the industry so that the employees will come out with standards that make them competent. Indeed, it is another way of making the labor relation stronger.

Addressing the gaps will result to a harmonious relationship between the management and the employee. This will lead to a better working environment for both parties. It will improve the labor relation as well as the compensation package to be offered. As a return, employee will be motivated in the workplace. This will definitely be a beginning of the awareness of every employee. It will eradicate problems in the organization especially when it comes to compensation packages in the tourism sector.

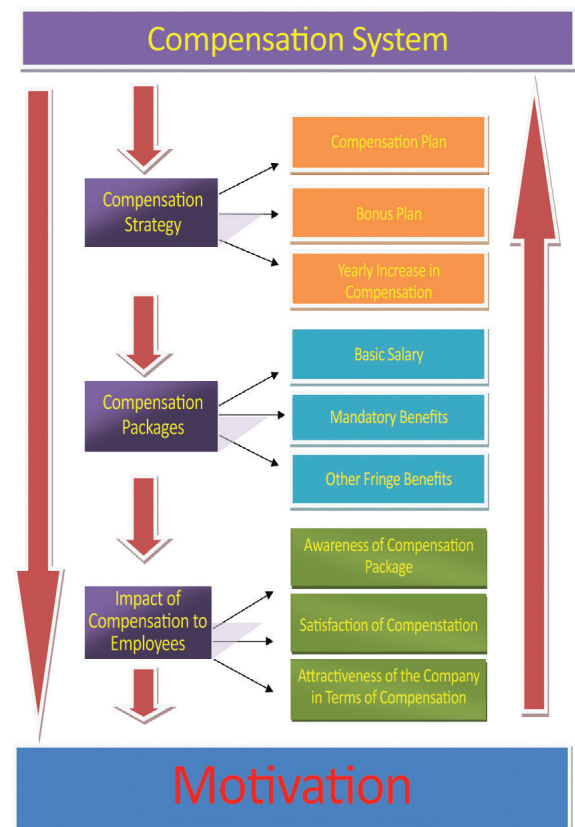
This study aims to further explain the compensation packages offered in the tourism sector and some issues related to compensation packages. This study have different issues that share either negative or positive background. In order to provide much help, this study would like to give enlightenment to the facts stated above. We, the researchers would like to provide, through this study about the information of the compensation packages that would lead to realization of their own stand in terms about compensation packages in tourism sector. This study is very important and can help to the tourism graduates. This would help them analyze the benefit package when entering the world of tourism sector. This serves as a guide and a tool on how to deal the following issues. This would help the employees to realize their value in the company.

Issues about employees who do not care anything else but their salary would actually give action and would get rid of unawareness of the compensation packages which they deserve to receive. This would serve to employers as a big challenge because they are the one who offers the compensation packages to their

employees. This study will motivate them more and will push them to make an attractive and creative compensation package. This would help the future researchers narrow their minds about the compensation package in the tourism sector. This may serve as their additional information on the study they are about to make. This may also give the other readers the necessary information about compensation packages in the tourism industry.

II. Conceptual Framework

This study is anchored on the theory System: Designs and Goals (n.d) that says, compensation system is composed of three variables: (1) the compensation strategy; (2) compensation package; and (3) the impact of compensation to employees in the tourism sector.



Compensation System: Designs and Goals (n.d.), said that there must be a design process to determine the outcomes and goals of the organizations. In line with this, it is also an ability to attain results for the organizational improvement and progress. Through the use of the compensation system, the result of the process used by the organization lays the success of the organization. It is very important that an organization have options in making plans so that when option A does not turn out well, there you could use another option. It depends on the management how well they are going to plan for the processes to gain a favorable outcome in the long run. Although there are various needs to be addressed in making a progress to compensation system to ensure that the compensation system compliments with the organizational strategy.

Motivation is the force that initiates, guides and maintains goal-oriented behaviors. It is what causes us to take action, whether to grab a snack to reduce hunger or enroll in college to earn a degree. The forces that lie beneath motivation can be biological, social, emotional or cognitive in nature. The incentive theory suggests that people are motivated to do things because of external rewards. For example, you might be motivated to go to work each day for the monetary reward of being paid. Behavioral learning concepts such as association and reinforcement play an important role in this theory of motivation.

The effectiveness of the compensation strategy depends on how an employee is motivated. In fact, a strong and an attractive benefit package is an effective way to make employee be more motivated and responsive through a better performance in the workplace. A cheaper compensation package would probably be a reason for the employees to decide to leave and look for a better compensation packages. Management of the organization must also make a benefit man for the employee so that they can be able to retain or attract workers,

and be able to obtain the good labor relations within the organizations.

Compensation package also are benefits given by the employer to their employee: Compensation packages; covers wages; insurances; vacation days; guaranteed raises and other perks. It also includes base salary, bonuses, benefits, perks, and on-site amenities. Furthermore, these indicated benefits are very essential to the workforce as a form of motivating employees to work harder in their respective expertise. It is very necessary for the employees to know what the benefits the employer offers to them are. As an employee, the right to know what you ought to have is very significant.

Employees can be motivated by proper work environment and through praising or recognition and that by punishment for poor performance produces an unfavorable result (Weihrich & Koontz, 2005). Furthermore, they analyze and determine the causes of workers to act what they do and initiate to make a change to remove obstructions. Theory is much related to the study being conducted since people are being motivated through benefit packages. With this, employees may decide to remain in the industry especially when the offered benefits are attractive. This may attract employees guaranteed that the compensation package is strong. It would maintain the labor relation between the top management and staffs since the employers are planning good compensation packages for the benefit of the lower management. As aforementioned, compensation packages serve as a motivator to employees.

According to Heathfield (n.d), that defining a compensation strategy is a crucial activity in either small or large companies. It is important to determine the incentives, how to analyze the market and how to handle cancer promotion. It is also very significant that the compensation strategy is competitive so that it attracts and retains talented workers. Competitive in a

way that the incentives being offered in your company is not present in any other companies. It must also be structured or systematic to make sure that the employees' time and effort is not wasted since it achieves the goal of the organization.

According to Frye (2004), a compensation plan should be an incentive for the employee to fulfill company's goals. It should also benefit the employer. The employees should be aware of this compensation plan in order to meet their goals in the company. Our compensation plans cover a wide array of options, governing everything from base salaries to employee incentives and pay-for-performance plans. We can work with your organization in order to determine which plan is best suited to your specific work climate and culture. These plans may include skill-based pay, individual performance-based pay, or group performance-based pay. We can help you formulate a compensation plan that encourages employees to deliver outstanding performances in the workplace every day, even beyond what is outlined in their prospective job descriptions.

According to Diamante (2007), says that, mandatory benefits provide economic security for employees and their dependents that have ceased working because of retirement, unemployment, disability, poor health, or other factors. Because of benefits, an employee motivates to work in the company especially when they are contented of the benefits they received. Employees also receive a fringe benefit that is nonwage payment or benefit granted to employees by employers. Examples include pension plans, profit-sharing programs, vacation pay, company-paid life, health, and unemployment insurance.

According to Prasetya Arik and Kato (July, 2011), the effect of financial and non- financial compensation to the employee performance, bonus and commission plans are common sales incentive. Compensation approaches attract, motivate and retain salespeople.

Compensation practices are positively related with retaining and enhancing the skilled employees that are considered assets of an organization. Compensation must be attractive and competitive to attract and retain skilled employees. Other than monetary benefits, involved in the compensation package are incentives like creative houses, rewards, promotion, a flexible work environment and good communication within the organization. These items are motivators of the employees to work harder, to remain loyal to the organization, and to have good relationship to the co-workers and superiors. These compensation packages play a big role in the success of the organization.

According to Weihrich, Cannice, and Koontz (2010), that human motives are based on needs such as physiological needs self-esteem, status, affiliation with others, love and accomplishment. Motivation moves us to action or pushes us forward to do so intentionally. A person can be highly motivated knowing that what he does definitely has a reward. The same as employees, they work for salary and other form of rewards. Workforce in the organization will be more motivated if the management offers an attractive and competitive benefit package. In fact, performances could produce a negative result (Weihrich and Koontz, 2005). Thus, it is very clear that the compensation packages are the main motivator of the employees.

III. OBJECTIVES

Generally, the proposed study aims to seek answers concerning the compensation system in the tourism sector. Specifically, the study aims to evaluate the compensation strategy in the tourism industry; the structure of the compensation packages; and lastly, the impact of compensation packages in the tourism sector.

IV. RESEARCH DESIGN AND METHOD

This presents the method of researcher used, the respondents of the study, the location of the sources of data, the data collection, and

the tools used for data collection.

Research Design. In accomplishing this study, the researchers used the descriptive quantitative research method because it involves the collection of numerical data in order to explain, predict and control the current event, condition or situation. This is descriptive statistics based method particularly statistics to analyze the data.

Respondents. To arrive with reasonable results in conducting this study, we need the aid of the respondents. The tourism criteria of participants or employees are the respondents of this study. They are necessary in determining the benefits being offered by the company. Tourism employees can directly respond to the issue concerning the compensation packages in the tourism sector. The respondents will be selected through convenience sampling. Purposive sampling technique is a non-profitability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

Locale. The study will be conducted within the tourism sectors of Cebu City. We will choose some of the tourism sector within Cebu City who will allow us to conduct a survey.

Tools. The instrument that will be used in the study is a self completion questionnaire that was developed by the researchers. The preparation of the questionnaire will be monitored carefully by our adviser and Professor. The questionnaires will be based on the variables of the evaluation on compensation packages of employees in the tourism sector. Data will be retrieved right after securing an approval to conduct the survey.

V. RESULT AND DISCUSSION

Based on our survey that we have gathered, these are the results of the different issues concerning the compensation system that include compensation strategy; the structure of the compensation package given by the company; as well as the impact of compensation to employees in the tourism sector.

Compensation Strategy. Compensation strategy refers to a very important strategy in human resource management which influences the costs of an institution. Compensation strategies include wages paid to the employee as well as benefits the employee receives for working at the company. This includes compensation plan, bonus plan and the yearly increase of compensation.

Table1. The strategy representing its designated description

Description	Frequency	Yes	Frequency	No
Compensation Plan	200	100%	--	--
Bonus Plan	186	93%	14	7%
Yearly increase of compensation	76	38%	124	62%

There are 200 respondents from the tourism sector which the data will be collected, gathered and evaluated by the researchers. Out of the 200 respondents 100 % of them answered that they have a compensation plan. This indicates that in every company, all of them had a compensation plan. This would mean that the employees are aware of the compensation package which is offered by the company or the management. This compensation plan may lead the employees to stay in the company depending on the level of their compensation plan. It could be that their compensation plan is cheap or an attractive one. If the compensation plan is attractive, there is a possibility that the employees will remain and the impact for this in to the company is that, it reduces their cost in hiring or recruiting.

Out of the 200 respondents 193 of them confirmed that the company they are working had a bonus plan. However, there are 7 % of them answered that they do not received a bonus. This would mean that mostly but not all are being aware of the bonus plan offered by the management or by the company. These

93 % employees received a bonus package which may encourage the employees to as well remain in the company due to some factor like the bonus plan. The more the advantageous the bonus plan is the more the employees will stick to the company. The yearly increase guaranteed to employees comprises for only 38 % and 62 % who said that their company does not give them a yearly increase. This indicates that the company does not necessarily give to employees an increase in their salary. This may be due to the performance of the employees in the workplace. These 62 % employees may have a poor quality of performance that is why there was no increase in salary, however, the other 38 % maybe performing well in the workplace that is why they were given a yearly increase.

Generally, employees received a compensation package and mostly received a bonus but not all. In the case of giving yearly increase, more than half of the employees in the tourism sector responded that they were not given a guaranteed yearly increase. This may be due to some factors that affect the performance of the employee in the tourism sector.

The presentation below shows the structure of compensation package which includes, components of compensation package, incentives, benefits and allowances given by the company to employees.

Table 2. Components of Compensation Package

Description	Frequency	Percentage
Base Salary	144	72%
Leave Monetization	164	82%
Retirement Plan	29	14.5%
Pension Plan	15	7.5%

The components of the compensation package are base salary, leave conversion, retirement plan and pension plan. Most answered compensation package received by the employees in the tourism sector is the leave

conversion, seconded by the base salary followed by the retirement plan and then the pension plan. This indicates that the compensation plan of the employees in the tourism sector does not necessarily composed of several components, so this would mean that the offered compensation plan of the company is only limited. Such example is that the company only gives the leave conversion alone, the base salary alone or the leave conversion alone and vice versa.

Table 3. The incentives, benefits and insurance received by the employees

Description	Frequency	Yes	Frequency	No
Incentives Receive From the company	144	2%	56	28%
Benefits Received	180	90%	20	10%
Group Insurance	150	75%	50	25%

The employees who received incentives consist of 72 % and 28 % who does not. Incentives is one of the of the great motivator of the employees including the benefits which comprises 90 % of the employees who confirmed that they received benefits from the company they are working and only 10 % of the employees do not receive benefits from the company. This emphasizes that majority of them receive the benefits their company offered. The employees who received insurance/s from their company are 175 out 200 or simply 75 % of the respondents. This means that the remaining 25 % do not received insurance from their company.

Generally speaking, mostly of the employees received incentives, benefits and insurances are given by the company. This indicates a positive result for the company for having a positive response from the employees whom are the keen observers in terms of the compensation packages in the company. The employees serve as critiques and asset of the company since they are the one who make the production or the reason why the

company operates. For this reason, the company must continue to offer an attractive compensation in order to retain the employees.

Table 4. Incentives received by the employees

Description	Frequency	Percentage
Gym membership	4	2%
Cash	152	76%
Payroll	36	18%
Pension Plan	16	8%
Gifts Cards	64	32%
Training	10	5%
VIP Parking	2	1%
Travel	6	3%

The most incentive received by the employees in the tourism sector is the cash that comprises of 76 % of the employees. The employees received cash followed by the gift certificates which is 32 % and payroll that is 18 % and so on and so forth that only comprises with only small percentage. This indicates that the major incentives given by the employees from the tourism sector are the combination of cash and gift certificates. The incentives such as travel, VIP parking and free vacation maybe only given to employees with high position in the company. This indicates that of the 72 % of the employees (see Graph 2) who answered that they received incentives, majority of them is receiving cash incentives as a way of rewarding the employees. Generally, out of the incentives mentioned above cash incentives was given to the employees.

Table 5. Benefits given by the company

Description	Frequency	Percentage
Hotel Board and Lodging	8	4%
Take home Vehicle	2	1%
Sick leave	130	65%
Profit Sharing	6	3%
Tuition Reimbursement	4	2%
Social Security	94	47%
Housing	--	0%

Aside from the incentives they received, they also receive benefits from their company. As table 5 shows, sick leave has the largest

percentage which composed of 129 employees out of the 190 employees who agreed that they received benefits from the company. Next in line was the social security that comprises 47 % of the employees. This indicates that though the employees received benefits however it is limited. The more benefits the employees are receiving the eager the employees to work. It is likewise an advantage for the employees to work with benefits for their return of their investment as a form of performance.

The hotel board and lodging only comprises 4 %, take-home vehicle for 1 %, profit sharing is only 3 % which indicates that few employees are only with such benefits. This may be given to employees with higher ranks in the tourism sector. This indicates that when an employee is not yet at the higher rank the employee only receives limited benefits from their employers.

Table 6. Allowances received by the company

Description	Frequency	Percentage
Home Leave Allowance	24	12%
Educational Allowance	--	--
Relocation Allowance	104	52%
Spouse Assistance	2	1%

In terms of allowances received by the employees in the tourism sector, mostly of the employees received a relocation allowance which comprises of 52 % of the employees. The other allowances such as home leave allowance for only 12 %, housing allowance is 3 % and spouse assistance is 1 %. This indicates that when an employee will be reassigned in another place or branch of their company or any circumstances, the company is capable in giving a relocation allowance. This is a method in order to give option for the employee to choose whether to accept the job or the other way around. This is because the advantage of accepting the job is that there is a relocation allowance. Though some allowances are not of the same level of the relocation allowance, these will be considered as limited only to those who qualify and are competent.

Table 7. Insurances offered by the company

Description	Frequency	Percentage
Vision	20	10%
Medical	80	40%
Dental	20	10%
Life Insurance	156	78%
Disability	16	8%

The company also offered also a group insurance; one of this is life insurance that consist 156 out of 200 employees received. For the medical insurance 40 % received, 10 % for the vision, 10 % for the dental, and 8 % for the disability. This indicates that the majority of the employees received a life insurance and only some of the employees received exclusively the vision, dental and the disability insurance. These insurances offered in the tourism sector are an indicator for the employees that they are secured. The insurance is an important aspect in the compensation package for the employees since these may add to their motivation in working into the company.

Table 8: Compensation payment system

Description	Frequency	Percentage
Fixed Pay System	194	97%
Variable Pay System	158	79%
Balance-Debt Method	12	6%
AA Attribution	4	2%

There are different payment system used in the company, these are fixed pay system, variable pay system and the balanced debt system. Fixed pay system is one of the compensation payment systems that get the highest percentage which is 97 %. The fixed pay system is the salary an employee gets on the monthly basis that is why there is no wonder that the fixed pay salary system is higher. On the other hand, the percentage on the variable pay system hits 79 % next to the fixed pay salary. It is because the variable pay is in a form of incentives and based on the given information of the employees in the tourism sector 72 % who agreed that their company has an incentive plan. This indicates that fixed pay and the variables pay is a combination used in

the system of payment in the tourism sector.

Table 9. Average bonus rate

Description	Frequency	Percentage
P 15,000-Above	--	--
P 15,001-P 20,000	31	15.5%
P 10,001-P 15,000	52	26%
0-P 10,000	107	53.5%

The employees confirmed that their company has a bonus plan (see table 1). These 93 % who agreed that there is a bonus plan, there consists 54 % who received less than P10, 000.00 in the form of cash. There are 52 employees out of the 200 respondents who received more than P10, 000.00 cash but not more than P15, 000.00 and only 31 employees out of 200 received a bonus which is more than P15, 000.00. By looking at the figures above, the bonuses received by the employees are cheaper. This indicates that the tourism sectors offer only low bonuses except may be to those exceptionally deserving for the designed bonus.

Generally, the bonus received by the employee is a cost of the company but happiness for the workforce. Giving importance to the employees is like making them feel that they are worth keeping. It serves a reward for them annually and recognition as well. The higher the bonus the more motivated the employees are.

Impact of compensation to employees.

This presentation shows the impact of compensation to an employee that includes awareness of compensation package, satisfaction of compensation and the attractiveness of compensation of the company.

Table10. Awareness, satisfaction and attractiveness of the compensation.

Description	Frequency	Yes	Frequency	No
Awareness of compensation package	194	97%	6	3%
Satisfaction of compensation	178	89%	22	11%
Attractiveness of the company	144	72%	56	28%

In the above table, there are 194 out of 200 employees who are aware of compensation package given by their company. Compensation package is very important when it comes to attracting quality employees. Even a small difference in compensation packages can lead an applicant to accept a position at a competing company. There are 178 out of 200 employees who are satisfied to their compensation, this indicates that the employees who received the compensation benefits are actually satisfied.

The employees who rate the compensation package as an attractive one comprises of 72 % that actually means that these are the people who would stay in the company since they are satisfied with what they received. However, these 28 % who said that the compensation packages they receive are not attractive but actually cheap. These are the one who are not satisfied of what they received and at the end will resign due to cheaper compensation package. These are the people who feel that their performance does not break even on the compensation package they received.

Table 11. Rate of the compensation package

Description	Frequency	Percentage
Excellence	--	--
Very Good	44	22%
Good	129	64.5%
Fair	13	6.5%
Poor	12	6%

The employees rate their compensation benefits as good wherein there are 129 out of 200 of employees who confirmed. There are 44 employees who say it is very good and 12 employees for fair and lastly, 12 employees says it is poor. This indicates that those employees who say they are satisfied with their compensation package for about 78 % (see table 3) only rate their compensation as good. Therefore, the employees are just satisfied to what they are receiving and not trying to evaluate their compensation. A truly satisfied employee would actually rate their compensation package as very good or excellent.

Table 12. Years of service

Description	Frequency	Percentage
0-3 years	40	20%
3-5 years	30	15%
6-8 years	130	65%

In terms of service, the employees lasted for 6-8 years as for the majority of the employees. In the current level of the compensation package, the employees seem to choose to stay in the company. There might be reasons why the employees stay in the company. One of the reasons why employees stay in their works in the tourism sectors maybe their attachment to their job and their dedication and passion.

The sense of belongingness in the company may trigger the decision of an employee to rather stay in the company. There are situation sometimes that an employee may consider such as they feel that they are fully secured in the company disregarding the compensation package. There are also internal factors why people remain in the company.

Table 13. Rate of motivation

Description	Frequency	Percentage
High-motivated	27	13.5%
Motivated	138	69%
Not motivated	27	13.5%

The majority of employees who say that they are motivated are 138 out of 200 employees. On the other hand, only 27 employees confirmed that they are highly motivated and also 27 employees are not motivated. From the graphs and tables above, the researchers concluded that the compensation packages of the employees are not attractive although some employees say they are being motivated and satisfied but seeing those figures above, their testimonies do not really justify what they said. If an expert goes to examine these results, probably the same will come out into her/his mouth.

VI. CONCLUSION

The compensation package of employees in the tourism sector is just limited based on the information being gathered and interpreted. The majority of the employees was given benefits and incentives but are just limited according to their position and the number of years of their existence in the company. The number of years in service of the employees does not really compliment of the compensation package they received. The employees focus more on the service they provide to the clients or to the organization. Therefore the compensation package given by the employees in the tourism sector is not attractive and competent as other sectors are offering. Although the employees are satisfied with their compensation package due to the fact that the benefits given are just limited, it can be defined that the character of the employees are just being contented on what they will received or in a state of mediocrity.

The benefits given by the employees are an advantage for them to stay for long in a company. On the other hand, the employees only received less in terms of benefits. In case of incentives, the employees in the tourism sector received only less from the company as well as incentives. It can be inferred that employees are being considerate of the benefit packaged received. The employee's awareness of their compensation package is an important factor to consider as an employee. The fact that the satisfaction rates of the employees are high, the employees understand what the components of the compensation package are. These benefit package surely determines the employees' performance.

The management offers benefits, incentives and insurances to the employees in the tourism sector. These are used by the management to entice employees to stay long in the company. As a matter of fact, these serve as a motivation of the employees to perform well in the company. An employee can never be motivated of the poor compensation package. Like in universities and state colleges or in any other institutions, a student will never be motivated to go to school if

the environment does not compliment or satisfy their expectations of the student. The impact of the compensation package in the tourism sector is a factor that can motivate an employee for a better performance.

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